

DEPARTMENT OF FOOD AND AGRICULTURE

A.G. KAWAMURA, Secretary

Division of Measurement Standards
8500 Fruitridge Road
Sacramento, CA 95826

DMS NOTICE
QC – 04 – 2



March 26, 2004

Discard: 12/04

TO WEIGHTS AND MEASURES OFFICIALS

SUBJECT: Price Verification Survey

The Division of Measurement Standards and the California Agricultural Commissioners and Sealers Association have agreed that statewide surveys will be conducted on a regular basis. In keeping with the recommended schedule a statewide Price Verification Survey will be conducted this year.

The survey consists of 800 retail establishments using any type of pricing; e.g., manual price entry, use of a barcode scanning device, or entry of a PLU/SKU to retrieve a stored price. The inspection locations were randomly selected from the State of California Board of Equalization's business license database. The number of establishments for inspection in each county was based on the percentage of licensed retail businesses located in that county.

In order to complete the survey in a timely manner, we ask that the assigned locations be inspected between April 19 and June 1, 2004. If you believe you will be unable to complete the number of inspections in this period, please contact your Area Specialist.

Attachment A lists the number of establishments selected for inspection in each county.

Attachment B contains an outline of the inspection procedure, instructions for completing the report form, and a sample of a completed form.

Your Area Quantity Control Specialist will contact you with the specific establishments to be inspected. If you have not been contacted by April 14, 2004 or have any questions regarding the survey, please contact Ken Lake, Measurement Compliance Program Supervisor at (916) 229-3047.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Cleary'.

Mike Cleary
Director
(916) 229-3000

Attachments

Attachment A**NUMBER OF ESTABLISHMENTS TO BE INSPECTED**

COUNTY	NUMBER TO BE INSPECTED
ALAMEDA	33
AMADOR	1
BUTTE	6
CALAVERAS	1
COLUSA	0
CONTRA COSTA	19
DEL NORTE	0
EL DORADO/ALPINE	6
FRESNO	15
GLENN	1
HUMBOLDT	2
IMPERIAL	5
INYO/MONO	1
KERN	11
KINGS	1
LAKE	1
LASSEN	0
LOS ANGELES	239
MADERA	1
MARIN	4
MARIPOSA	0
MENDOCINO	1
MERCED	4
MODOC	0
MONTEREY	7
NAPA	2
NEVADA	2
ORANGE	84

COUNTY	NUMBER TO BE INSPECTED
PLACER	5
PLUMAS/SIERRA	1
RIVERSIDE	38
SACRAMENTO	31
SAN BENITO	0
SAN BERNARDINO	44
SAN DIEGO	87
SAN FRANCISCO	21
SAN JOAQUIN	11
SAN LUIS OBISPO	6
SAN MATEO	14
SANTA BARBARA	11
SANTA CLARA	27
SANTA CRUZ	6
SHASTA	4
SISKIYOU	1
SOLANO	5
SONOMA	9
STANISLAUS	8
SUTTER	1
TEHAMA	1
TRINITY	1
TULARE	6
TUOLUMNE	1
VENTURA	13
YOLO	2
YUBA	0
TOTAL	800

Attachment B

INSPECTION PROCEDURE

Inspection Location

The regional Quantity Control Specialist will provide each county with a list of that county's retail establishments compiled from the State of California Board of Equalization's (BOE) database. The store numbers for the locations randomly selected for inspection will be supplied or marked on the list. All types of retail stores, not just those using scanning devices, are included.

Since the BOE's database includes all licensed businesses having a Sellers Permit, many of those listed will not be suitable for this survey. If a marked business is not a suitable location for inspection, the county inspector, using the provided list, is to inspect the next valid location listed directly below the initial location. Some examples of unsuitable locations are residential or home-based businesses having no retail sales, contractors and other service businesses, accountants, bookkeepers, tax preparers, and brokers.

If there is a different business or owner's name for the location selected, proceed with the inspection at that address and record the new name on the form.

Procedure

Since this survey includes locations using manual price entry and PLU/SKU entry, as well as barcode scanning, the inspector must not inform management of his presence before collecting the samples. Customer operated self-serve checkstands are not to be used for this survey.

Sample Selection

1. The number of items selected for price verification varies according to the size of the store.

- a. If there are less than 400 lots on sale.

Sample size = 5 items

- b. If there are more than 400 lots on sale **and** there are

- (1) 10 or fewer shopping carts.*

Sample size = 10 items

- (2) More than 10 shopping carts.*

Sample size = 30 items

- * Shopping carts are of a type similar to those found in supermarkets. The modified child's stroller with a basket found in some department stores and hand-carried baskets are not considered to be "shopping carts" for this survey.

2. Select the items in a random manner with about half "sale" items and with no emphasis on problem areas. About half of the "sale" items should be pre-selected from newspaper or other advertisements.

Attachment B (continued)

3. Only one item from a lot may be selected. If there is a duplicate due to the random sampling, replace it with another item.
- If the location is using manual price entry or entry of a PLU/SKU number, select the samples and inconspicuously record the pricing information. Proceed through the checkout as a normal customer then notify the clerk that this transaction is part of a survey and ask that management be contacted. Keep the receipt for further use.
 - If the store is using a bar-code reader for pricing, do not use a scan gun as this usually alerts store personnel that an inspection is in progress. Select the sample items, then contact management and explain the nature of the inspection. Request the items be scanned, or entered in a manner that will give a receipt showing a description of each item, price charged, and the total price for all items. **Do not conduct the test in “Training Mode” or the “Manager’s Price Checking Mode.” Some systems use a different database for pricing in these modes. Do not operate the equipment or scan the items yourself; store personnel must do this.** Keep the receipt for further use.

Taking the receipt tape, return the items to the display shelves. As each item is replaced, check for agreement between the receipt, item price, shelf price, and “special” price.

Recording Errors and Completion of Form

Use only the Price Verification Survey Report, supplied by your Quantity Control Specialist, to report the results.

Check the box for the type of pricing used by the location. “Manual” is when the dollar amount of the price is entered directly by the clerk. “PLU/SKU” is when a numerical code is entered by the clerk to retrieve a price from a database. “Scanning Device” is when a device is used to read (scan) a bar code to call-up a price from a database.

The “INDUSTRY CODE”, is the last two digits of the “Industry Code” on the provided list of locations for inspection. If the code is “00019”, use the following chart to determine the decimal subdivision for that type of business. Enter both 19 and the decimal; e.g., for a pool supply store enter “19.3”. (For your information, the description of each “Industry Code” follows this section.)

CODE	DESCRIPTION
19.1	HERBS & VITAMINS
19.2	PET FOOD & PET SUPPLY
19.3	SPAS, HOT TUB, & POOL SUPPLY
19.4	TELEPHONE STORES
19.5	TOY & HOBBY STORES
19.6	VIDEO CASSETTES, DVD SALES & RENTAL
19.7	MISCELLANEOUS & NOT ELSEWHERE CLASSIFIED

Attachment B (continued)

Fill in as much information as possible for all items having any discrepancy in pricing. **If the price charged for an item is correct (i.e., price charged is the same as the correct price), do not fill in any information for that item.** The columns are to be filled out as follows:

“SALE/SPECIAL PRICE”: Fill out only if the item is on sale, has the price been reduced, or if the price is any other type of out of the ordinary reduction. A featured item, unless the price has been reduced, is not considered a “SALE/SPECIAL PRICE” item.

“Adv.” The “SALE PRICE” which is advertised in advance in a newspaper or flyer.

“In Store”: The “SALE PRICE” of an item on special in this store only (i.e., in-store specials, closeouts, markdowns, etc.).

“SHELF PRICE”: The price marked on the shelf under the item selected. This may be the same as the sale price.

“ITEM PRICE”: The price marked on the item selected.

“REGULAR PRICE”: The usual or customary price for the item; not a sale price.

“PRICE CHARGED”: The price printed on the receipt.

“CORRECT PRICE”: The lowest of the advertised, shelf, item, or regular price.

“ERROR”: The monetary value of the difference between the PRICE CHARGED and the CORRECT PRICE. It is an undercharge if the CORRECT PRICE is more than the PRICE CHARGED; it is an overcharge if the CORRECT PRICE is less than the PRICE CHARGED.

Additionally, these spaces must be filled in on each form:

The **SUBTOTAL** for the PRICE CHARGED and CORRECT PRICE. Do not include the sales tax or any CRV (California Redemption Value charged for beverage containers) in these subtotals.

The total value of all of the undercharges.

The total value of all of the overcharges.

TOTAL ERROR, algebraic sum of the total undercharge and the total overcharge.

NUMBER INSPECTED, the number of items inspected; i.e., the sample size.

NUMBER OVERCHG, the number of items having an overcharge.

NUMBER UNDERCHG, the number of items having an undercharge.

Send the original report to your Area Specialist. **The receipt or a copy of the receipt must be attached to each report.** Give one copy to the establishment and keep a copy for your records.

Attachment B (continued)

BOE CLASSIFICATIONS

00001	Woman's Apparel
00002	Men's Apparel
00003	Family Apparel
00004	Shoe Stores
00005	Variety Stores
00007	Department Stores
00009	General Stores
00011	Art, Gift, & Novelty
00012	Sporting-Goods Stores
00013	Florist shops
00014	Photographic Equipment & Supply Stores
00015	Music Stores
00016	Stationery & Book Stores
00017	Jewelry Stores
00018	Office, Store, & School Furniture & Equipment Stores
00019	Fulltime Specialty Stores Not Elsewhere Classified (75% of locations removed)
00020	Grocery Stores Without Alcoholic Beverages
00021	Food Stores Other Than Grocery Stores
00022	Package Liquor Stores
00024	Eating & Drinking Places Without Alcoholic Beverages (50% of locations removed)
00025	Candy, Confectionery, & Nut Stores
00026	Cigar Stores & Stands
00027	Drug Stores
00030	Household & Home Furnishing Stores
00031	Entertainment & Household Appliance Stores
00032	Second Hand Stores
00033	Grocery Stores With Beer & Wine Licenses
00034	Grocery Stores With General Liquor Licenses
00041	Garden Supply & Equipment Stores
00050	Lumber & Building-Material Dealers
00051	Hardware Stores
00052	Plumbing & Electrical Supply Stores
00053	Paint, Glass, & Wallpaper Stores
00061	Automotive Supply Stores

STATE OF CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE						BUSINESS NAME: <u>PAMPED PET PALACE</u>		DATE: <u>4/30/04</u>				
						ADDRESS: <u>131 S MAIN ST</u>		TIME: <u>2:40 PM</u>				
DIVISION OF MEASUREMENT STANDARDS						COUNTY: <u>GOLDEN</u>		INDUSTRY CODE: <u>19.2</u>				
PRICE VERIFICATION SURVEY						PRICING METHOD: <input type="checkbox"/> MANUAL <input checked="" type="checkbox"/> PLU or SKU		SCANNING DEVICE				
NO.	COMMODITY	SALES/SPECIAL PRICE		SHELF PRICE	ITEM PRICE	REGULAR PRICE	PRICE CHARGED	CORRECT PRICE	ERROR		OTHER INFORMATION	
		ADV.	IN STORE						UNDER CHG.	OVER CHG.		
	H1 Pro Koi Nuggets		3.49	4.99	3.99	4.99	3.99	3.49		0.50	MAGGERS MARK DOWN	
	AIRLINE KENNEL (MEDIUM)			49.99			39.99	49.99	10.00			
	KITTY CARE FLEADROPS	2.59				3.29	3.29	2.59	0.70			
REMARKS: NOV ISSUED FOR OVERCHARGES						SUBTOTAL	164.32	173.12	10.00	1.20	NUMBER INSPECTED: 30	
						TAX	12.73					NUMBER OVER CHG. 2
						TOTAL	177.05					NUMBER UNDER CHG. 1
						TOTAL ERROR - 8.80						
COMMUNITIES: <input type="checkbox"/> PURCHASED <input checked="" type="checkbox"/> RETURNED <input type="checkbox"/> HELD FOR EVIDENCE						OWNER / AGENT <u>Norm Capen IV</u>		ASSGT MANAGER <u>New Orleans</u>		INSPECTOR <u>E. Spadeon</u>		
I HAVE REVIEWED AND RECEIVED A COPY OF THIS REPORT												